

HOUSE BILL 860

C5

11r2231
CF SB 380

By: **Delegate McHale and the Speaker (By Request – Administration) and Delegates Clippinger, Hammen, Holmes, and Washington**

Introduced and read first time: February 11, 2011

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 23, 2011

CHAPTER _____

1 AN ACT concerning

2 **Electricity – Net Energy Metering**

3 FOR the purpose of altering the period during which an eligible customer-generator
4 may accrue certain net excess generation; requiring a certain electric company
5 to carry forward a negative kilowatt-hour reading until a certain accrual period
6 expires; altering how the dollar value of a certain net excess generation is
7 calculated; repealing a requirement that certain generation credit appear on the
8 eligible customer-generator's bill in a dollar amount; requiring an electric
9 company to reimburse certain eligible customer-generators for the dollar value
10 of certain accrued net excess generation on or before a certain date each year;
11 repealing a provision authorizing the Public Service Commission to require a
12 certain eligible customer-generator to install a certain dual meter under certain
13 circumstances; repealing a provision that requires the Commission to develop a
14 certain credit formula; repealing a certain definition; and generally relating to
15 net energy metering and payment for accrued net excess generation.

16 BY repealing and reenacting, with amendments,

17 Article – Public Utilities

18 Section 7-306

19 Annotated Code of Maryland

20 (2010 Replacement Volume)

21 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
22 MARYLAND, That the Laws of Maryland read as follows:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 **Article – Public Utilities**

2 7–306.

3 (a) (1) In this section the following words have the meanings indicated.

4 (2) “Biomass” means “qualified biomass” as defined in § 7–701 of this
5 title.6 (3) “Eligible customer–generator” means a customer that owns and
7 operates, leases and operates, or contracts with a third party that owns and operates a
8 biomass, micro combined heat and power, solar, fuel cell, or wind electric generating
9 facility that:

10 (i) is located on the customer’s premises or contiguous property;

11 (ii) is interconnected and operated in parallel with an electric
12 company’s transmission and distribution facilities; and13 (iii) is intended primarily to offset all or part of the customer’s
14 own electricity requirements.

15 (4) “Fuel cell” means an electric generating facility that:

16 (i) includes integrated power plant systems containing a stack,
17 tubular array, or other functionally similar configuration used to electrochemically
18 convert fuel to electric energy; and

19 (ii) may include:

20 1. an inverter and fuel processing system; and

21 2. other plant equipment to support the plant’s
22 operation or its energy conversion, including heat recovery equipment.23 (5) [“Generation credit” means a credit associated with the generation
24 of electricity produced in excess of the electricity consumed by an eligible
25 customer–generator in one billing period.26 (6) “Micro combined heat and power” means the simultaneous or
27 sequential production of useful thermal energy and electrical or mechanical power not
28 exceeding 30 kilowatts.29 [(7)] (6) “Net energy metering” means measurement of the difference
30 between the electricity that is supplied by an electric company and the electricity that

1 is generated by an eligible customer-generator and fed back to the electric grid over
2 the eligible customer-generator's billing period.

3 **(7) "NET EXCESS GENERATION" MEANS THE AMOUNT OF THE**
4 **ELECTRICITY GENERATED BY AN ELIGIBLE CUSTOMER-GENERATOR THAT IS IN**
5 **EXCESS OF THE ELECTRICITY CONSUMED BY THE ELIGIBLE CUSTOMER-**
6 **GENERATOR AND THAT RESULTS IN A NEGATIVE KILOWATT-HOUR READING AT**
7 **THE END OF THE ELIGIBLE CUSTOMER-GENERATOR'S BILLING CYCLE.**

8 (b) The General Assembly finds and declares that a program to provide net
9 energy metering for eligible customer-generators is a means to encourage private
10 investment in renewable energy resources, stimulate in-State economic growth,
11 enhance continued diversification of the State's energy resource mix, and reduce costs
12 of interconnection and administration.

13 (c) An electric company serving an eligible customer-generator shall ensure
14 that the meter installed for net energy metering is capable of measuring the flow of
15 electricity in two directions.

16 (d) The Commission shall require electric utilities to develop a standard
17 contract or tariff for net energy metering and make it available to eligible
18 customer-generators on a first-come, first-served basis until the rated generating
19 capacity owned and operated by eligible customer-generators in the State reaches
20 1,500 megawatts.

21 (e) (1) [Except as provided in subsection (g) of this section, a] A net
22 energy metering contract or tariff shall be identical, in energy rates, rate structure,
23 and monthly charges, to the contract or tariff that the customer would be assigned if
24 the customer were not an eligible customer-generator.

25 (2) (i) A net energy metering contract or tariff may not include
26 charges that would raise the eligible customer-generator's minimum monthly charge
27 above that of customers of the rate class to which the eligible customer-generator
28 would otherwise be assigned.

29 (ii) Charges prohibited by this paragraph include new or
30 additional demand charges, standby charges, customer charges, and minimum
31 monthly charges.

32 (f) (1) The electric company shall calculate net energy metering in
33 accordance with this subsection.

34 (2) Net energy produced or consumed on a regular basis shall be
35 measured in accordance with standard metering practices.

1 (3) If electricity supplied by the grid exceeds electricity generated by
 2 the eligible customer-generator during a month, the eligible customer-generator shall
 3 be billed for the net energy supplied in accordance with subsection (e) of this section.

4 (4) If electricity generated by the eligible customer-generator exceeds
 5 the electricity supplied by the grid, the eligible customer-generator shall be billed only
 6 customer charges for that month in accordance with subsection (e) of this section.

7 (5) (i) An eligible customer-generator under paragraph (4) of this
 8 subsection may accrue [generation credit] **NET EXCESS GENERATION FOR A**
 9 **PERIOD:**

10 **1. NOT TO EXCEED ~~1 CALENDAR YEAR~~ 12 MONTHS;**
 11 **AND**

12 **2. THAT ENDS WITH THE BILLING CYCLE THAT IS**
 13 **COMPLETE IMMEDIATELY PRIOR TO THE END OF APRIL OF EACH YEAR.**

14 (ii) The electric company shall carry forward [accrued
 15 generation credit] ~~A NEGATIVE KILOWATT HOUR READING~~ **NET EXCESS**
 16 **GENERATION** until:

17 1. the eligible customer-generator's consumption of
 18 electricity from the grid eliminates the [credit] ~~NEGATIVE KILOWATT HOUR~~
 19 ~~READING~~ **NET EXCESS GENERATION**; or

20 2. the [eligible customer-generator has been paid by the
 21 electric company for any remaining credit in accordance with paragraph (6) of this
 22 subsection] ~~1-YEAR ACCRUAL PERIOD UNDER SUBPARAGRAPH (1) (I) OF THIS~~
 23 **PARAGRAPH EXPIRES.**

24 (iii) **1.** The [amount of the generation credit shall be
 25 calculated at the prevailing market price of energy applicable to the electric company
 26 in the PJM Interconnection energy market, as that market may change from time to
 27 time] **DOLLAR VALUE OF NET EXCESS GENERATION SHALL BE EQUAL TO THE**
 28 **SUM OF THE ENERGY CHARGE AND THE DISTRIBUTION CHARGE PORTION OF**
 29 **THE RETAIL GENERATION OR COMMODITY PORTION OF THE RATE THAT THE**
 30 **ELIGIBLE CUSTOMER-GENERATOR WOULD HAVE BEEN CHARGED BY THE**
 31 **ELECTRIC COMPANY AVERAGED OVER THE ~~CALENDAR YEAR~~ PREVIOUS**
 32 **12-MONTH PERIOD ENDING WITH THE BILLING CYCLE THAT IS COMPLETE**
 33 **IMMEDIATELY PRIOR TO THE END OF APRIL MULTIPLIED BY THE NUMBER OF**
 34 **KILOWATT-HOURS OF NET EXCESS GENERATION.**

35 **2. FOR CUSTOMERS SERVED BY AN ELECTRICITY**
 36 **SUPPLIER, THE DOLLAR VALUE OF THE NET EXCESS GENERATION SHALL BE**

1 EQUAL TO THE GENERATION OR COMMODITY RATE THAT THE CUSTOMER
 2 WOULD HAVE BEEN CHARGED BY THE ELECTRICITY SUPPLIER MULTIPLIED BY
 3 THE NUMBER OF KILOWATT-HOURS OF NET EXCESS GENERATION.

4 [(iv) The generation credit shall appear on the eligible
 5 customer-generator's bill in a dollar amount.]

6 (6) (i) [By written request, the eligible customer-generator may
 7 receive payment from the electric company for any accrued generation credit that
 8 remains at the end of a 12-month period.

9 (ii) On written request of the eligible customer-generator under
 10 subparagraph (i) of this paragraph, within 15 days after the end of a 12-month
 11 period,] ON OR BEFORE ~~JANUARY 15~~ 30 DAYS AFTER THE BILLING CYCLE THAT
 12 IS COMPLETE IMMEDIATELY PRIOR TO THE END OF APRIL OF EACH YEAR, the
 13 electric company shall pay [the] EACH eligible customer-generator for THE DOLLAR
 14 VALUE OF any accrued [generation credit] NET EXCESS GENERATION remaining at
 15 the end of the [12-month period] PREVIOUS ~~CALENDAR YEAR~~ 12-MONTH PERIOD
 16 ENDING WITH THE BILLING CYCLE THAT IS COMPLETE IMMEDIATELY PRIOR TO
 17 THE END OF APRIL.

18 [(iii)] (II) Within 15 days after the date the eligible
 19 customer-generator closes the eligible customer-generator's account, the electric
 20 company shall pay the eligible customer-generator for THE DOLLAR VALUE OF any
 21 accrued [generation credit] NET EXCESS GENERATION remaining at the time the
 22 eligible customer-generator closes the account.

23 (7) (I) NOTWITHSTANDING PARAGRAPHS (5) AND (6) OF THIS
 24 SUBSECTION, AN ELIGIBLE CUSTOMER-GENERATOR SERVED BY AN ELECTRIC
 25 COOPERATIVE THAT SERVES A POPULATION OF LESS THAN 250,000 IN ITS
 26 DISTRIBUTION TERRITORY MAY CHOOSE TO BE PAID FOR THE DOLLAR VALUE
 27 OF NET EXCESS GENERATION REMAINING AT THE END OF EACH MONTH INSTEAD
 28 OF AT THE END OF THE ACCRUAL PERIOD SPECIFIED UNDER PARAGRAPH (5)(I)
 29 OF THIS SUBSECTION.

30 (II) IF AN ELIGIBLE CUSTOMER-GENERATOR CHOOSES TO
 31 BE PAID FOR THE DOLLAR VALUE OF NET EXCESS GENERATION REMAINING AT
 32 THE END OF EACH MONTH:

33 1. THE CUSTOMER-GENERATOR MAY ACCRUE NET
 34 EXCESS GENERATION ON A MONTHLY BASIS;

35 2. THE DOLLAR VALUE OF THE NET EXCESS
 36 GENERATION SHALL BE EQUAL TO THE GENERATION OR COMMODITY PORTION

1 OF THE RATE THAT THE ELIGIBLE CUSTOMER-GENERATOR WOULD HAVE BEEN
2 CHARGED BY THE ELECTRIC COMPANY FOR THE PREVIOUS MONTH; AND

3 3. ON OR BEFORE 30 DAYS AFTER THE END OF EACH
4 MONTH, THE ELECTRIC COOPERATIVE SHALL PAY THE ELIGIBLE
5 CUSTOMER-GENERATOR FOR THE DOLLAR VALUE OF NET EXCESS GENERATION
6 REMAINING AT THE END OF THE PREVIOUS MONTH.

7 (g) [(1) For an eligible customer-generator whose facility is sized to
8 produce energy in excess of the eligible customer-generator's annual energy
9 consumption, the Commission:

10 (i) may require the eligible customer-generator to install a dual
11 meter that is capable of measuring the flow of electricity in two directions; and

12 (ii) shall develop a credit formula that:

13 1. excludes recovery of transmission and distribution
14 costs; and

15 2. provides that the credit may be calculated using a
16 method other than a kilowatt-hour basis, including a method that allows a
17 dollar-for-dollar offset of electricity supplied by the grid compared to electricity
18 generated by the eligible customer-generator.

19 (2) In determining whether to require an eligible customer-generator
20 to install a dual meter under paragraph (1)(i) of this subsection, the Commission shall
21 consider the generating capacity of the eligible customer-generator.

22 (h)] (1) The generating capacity of an electric generating system used by
23 an eligible customer-generator for net metering may not exceed 2 megawatts.

24 (2) An electric generating system used by an eligible
25 customer-generator for net metering shall meet all applicable safety and performance
26 standards established by the National Electrical Code, the Institute of Electrical and
27 Electronics Engineers, and Underwriters Laboratories.

28 (3) The Commission may adopt by regulation additional control and
29 testing requirements for eligible customer-generators that the Commission
30 determines are necessary to protect public safety and system reliability.

31 (4) An electric company may not require an eligible
32 customer-generator whose electric generating system meets the standards of
33 paragraphs (2) and (3) of this subsection to:

34 (i) install additional controls;

- 1 (ii) perform or pay for additional tests; or
- 2 (iii) purchase additional liability insurance.

3 (5) An eligible customer-generator OR THE ELIGIBLE
 4 CUSTOMER-GENERATOR'S ASSIGNEE shall own and have title to all renewable
 5 energy attributes or renewable energy credits associated with any electricity produced
 6 by its electric generating system.

7 **[(i) (H)]** On or before ~~February~~ **SEPTEMBER** 1 of each year, the
 8 Commission shall report to the General Assembly, in accordance with § 2-1246 of the
 9 State Government Article, on the status of the net metering program under this
 10 section, including:

- 11 (1) the amount of capacity of electric generating facilities owned and
 12 operated by eligible customer-generators in the State by type of energy resource;
- 13 (2) based on the need to encourage a diversification of the State's
 14 energy resource mix to ensure reliability, whether the rated generating capacity limit
 15 in subsection (d) of this section should be altered; and
- 16 (3) other pertinent information.

17 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
 18 June 1, 2011.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.